

Reliance Textile Industries Limited

Annual Report 1980

Reliance
Textile Industries
Limited

ANNUAL GENERAL MEETING

on Friday, the 24th April, 1981
at Birla Matushri Sabhaghar
19, Sir Vithaldas Thackersey Marg
Bombay - 400 020
at 4 pm.

Shareholders are requested to bring their copy of the Annual Report along with them at the General Meeting, as copies of the Report will not be distributed at the Meeting.

CONTENTS

Financial Highlights	2
Financial Ratios and Fund flow	3
Directors' Report	4-15
Auditors' Report	16-17
Balance Sheet	18
Profit and Loss Account	19
Schedules A to I Annexed	
to Balance sheet	20-28
Schedules 'J' to M Annexed to Profit and Loss Account	28-30
Notes on Balance Sheet and Profit and Loss Account Schedule N	31-35

BOARD OF DIRECTORS

DHIRUBHAI H. AMBANI (Chairman & Managing Director)
RAMNIKLAL H. AMBANI (Joint Managing Director)
K. GOPAL RAO
JAYANTILAL R. SHAH
MANSINGH L. BHAKTA
K. SANTHAPPA SHENOY (Nominee Director- G.I.C.)
ARJAN J. ADVANI (Nominee Director- I.C.I.C.I.)
T. RAMESH U. PAI
NATVARLAL H. AMBANI (Executive Director)
RAMANLAL C. PATEL (Executive Director)
RASIKLAL L. MESWANI (Executive Director)
MUKESH D. AMBANI

SECRETARY

S. NATARAJAN
VINOD M. AMBANI

SOLICITORS & ADVOCATES

KANGA & CO.
DAVE & CO.

AUDITORS

RAJENDRA & CO.
CHATURVEDI & SHAH

BANKERS

SYNDICATE BANK
BANK OF BARODA
CANARA BANK
INDIAN BANK
STATE BANK OF INDIA
GRINDLAYS BANK LIMITED
ANDHRA BANK
INDIAN OVERSEAS BANK

REGISTERED OFFICE

COURT HOUSE,
TILAK MARG,
DHOB TALAO,
BOMBAY 400 002.

MAIN OFFICE

TULSIANI CHAMBERS,
10TH FLOOR,
PLOT NO. 212,
NARIMAN POINT,
BOMBAY 400 021

MILLS

1031106, NARODA INDUSTRIAL -ESTATE,
NARODA, AHMEDABAD 382 330

&

(TAKEN ON LEAVE AND LICENCE BASIS)
THE SIDHPUR MILLS COMPANY LIMITED
SIDHPUR, MEHSANA DIST, NORTH
GUJARAT.

Annual Report 1980

Reliance Textile Industries Limited

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

		1980	1979	1977-78 (15 months)	1976-77
Sales		20767.51	15512.53	12010.91	6693.44
Other Income		255.07	250.18	197.65	204.70
Profit on Sale and/or discard of Assets (Net)		—	—	1.66	—
	(A)	21022.58	15762.71	12210.22	6898.14
Manufacturing Expenses	(B)	18097.54	13800.24	10700.71	6189.19
GROSS PROFIT (A-B)	(C)	2925.04	1962.47	1509.51	708.95
Loss on Sale and/or discard of Assets (Net)		2.63	1.28	—	1.42
Interest		1113.28	704.84	494.45	274.98
Depreciation		688.52	435.10	339.73	134.51
Provision for Taxation		—	—	20.00	5.00
	(D)	1804.43	1141.22	854.18	415.91
NET PROFIT (C-D)		1120.61	821.25	655.33	293.04

WHAT THE COMPANY OWNED

Fixed Assets					
Gross Block		7496.85	4795.68	3090.58	1699.92
Less: Depreciation		1701.64	1021.20	587.21	248.47
Net Block		5795.21	3774.48	2503.37	1451.45
Investments		7.87	7.28	3.84	0.38
Net Current Assets		6816.47	4760.64	3290.90	1459.04
(Excess of Current Assets, Loans and Advances over Current Liabilities and Provisions)					
TOTAL		12619.55	8542.40	5798.11	2910.87

WHAT THE COMPANY OWED

Secured Loans		8537.21	5589.62	3963.24	1893.16
Unsecured Loans		903.11	589.31	390.41	63.55
TOTAL		9440.32	6178.93	4353.65	1956.71

NET WORTH OF THE COMPANY

Share Capital		1236.23	783.89	625.11	595.11
Share Application Monies		—	—	—	30.00
Reserves & Surplus		1943.00	1579.58	819.35	329.05
TOTAL		3179.23	2363.47	1444.46	954.16

Annual Report 1980

Reliance

Textile Industries Limited

(Rs. in lacs)

FINANCIAL RATIOS

	1980	1979	1977-78 (15 months)	1976-77
Debt: Equity	1.51: 1	1.16:1	1.09:1	0.77: 1
Current Assets: Current Liabilities	1.30:1	1.22:1	1.13:1	1.10:1
Net Sales: Net Block	3.58:1	4.11:1	4.80:1	4.61:1
Earnings per Equity Share	Rs. 9.26	Rs. 13.79	Rs. 11.32	Rs. 5.01

DIVIDEND DECLARED/RECOMMENDED

On Equity Shares	301.56 (25%)	154.89 (25%)	163.66 (27.5%)	89.27 (15%)
On Preference Shares	3.30 (11%)	3.30 (11%)	2.63 (111%)	— —

FUND FLOW

(Rs. in Lacs)

A. SOURCE OF FUNDS

	1980	
1. INTERNAL FINANCING		
1.1 Net Profit	1120.61	
1.2 Add: Depreciation	680.44	
		1801.05
1.3 Less: Proposed Dividend		304.86
		1496.19
2. EXTERNAL FINANCING		
2.1 Issue of Convertible Debentures		1080.00
2.2 Net increase in Long Term Loans		596.52
2.3 Increase in Working Capital Loans.		1271.07
2.4 Increase in Unsecured Loans		313.80
		3261.39
TOTAL		4757.58

B. APPLICATION OF FUNDS

1. Capital Expenditure	2701.17
2. Increase in Net Current Assets	2055.82
3. Increase in Investments	0.59
TOTAL	4757.58

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the 7th Annual Report, together with the Audited Statement of Accounts for the year ended 1st December, 1980.

FINANCIAL RESULTS

	(Rs. in lacs)	
	1980	1979
Gross Profit	1809.13	1256.35
Of the above, the following provisions and/or appropriations have been made:		
a) Depreciation	688.52	435.10
b) Investment Allowance Reserve	440.00	290.00
c) Taxation	—	—
	1128.52	725.10
There remains a balance of	680.61	531.25
Adding thereto:		
Balance brought forward from previous year	3.11	0.05
	683.72	531.30
Less: Recommended Dividends:		
(a) Preference Shares at Rs. 11 per share (subject to deduction of tax) on 30,000-11% Cumulative Redeemable Preference Shares of Rs. 100 each (Previous year Rs. 11 per share)	3.30	3.30
(b) Equity Shares at Rs. 2.50 per share (subject to deduction of tax) on 1,20,62,291 Equity Shares of Rs. 10 each (previous year Rs. 2.50 per share) (subject to deduction of tax)	301.56	154.89
	304.86	158.19
Retained Profits	378.86	373.11
Less: Transferred to General Reserve	375.00	370.00
Leaving Balance to be carried forward to next year's Accounts.	3.86	3.11

DIVIDENDS

Your Directors recommend for consideration at the Annual General Meeting, declaration and payment of following dividends (subject to deduction of tax at source).

ON PREFERENCE SHARES

On 30,000- 11 % Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up at the rate of 11 % per annum, i.e. at Rs. 11 per share.	Rs. 3,30,000
--	-----------------

ON EQUITY SHARES

Dividend at Rs. 2.50 per share on 1,20,62,291 Equity Shares of Rs. 10 each fully paid-up.	3,01,55,727
---	-------------

ADDITIONAL CAPITAL

In terms of the permission received from the Controller of Capital Issues, New Delhi and pursuant to the resolution passed at the Meeting of the Shareholders held on 5th June 1980: 45,23,359 Equity Shares of Rs. 10 each by way of Bonus Shares were issued to the Equity Shareholders during the year. These shares are entitled to dividend for full year.

ISSUE OF DEBENTURES

The Company made an offer of 8,64,000-12% Secured Convertible Debentures of Rs. 125 each for cash at par by way of 'Rights' to the Shareholders and Debentureholders (other than Promoters and Non-Residents)

towards financing the replacement and modernisation scheme taken up by the Company during the year. The Shareholders and Debentureholders evinced an overwhelming response to the said offer. These Debentures, once again allotted in a record time, are now listed at the Stock Exchanges at Bombay, Ahmedabad, Calcutta, New Delhi, Bangalore and Madras.

EXPANSION & MODERNISATION

During the year under review, the Company initiated installation of imported Shuttleless Automatic Sulzer Looms as part of the modernisation programme of the Company involving a capital outlay of Rs. 19 Crores of which Rs. 14 Crores have been tied up under EuroDollar Currency Credit. During the year, the Company also installed high speed draw texturising machines.

Reliance
Textile Industries
Limited

The Company would be spending around Rs. 30 Crores by way of capital expenditure during the current year towards approved schemes of expansion and modernisation for which necessary financial arrangements have already been made.

**AMALGAMATION OF THE SIDHPUR
MILLS COMPANY LIMITED**

All formalities relating to the amalgamation scheme of The Sidhpur Mills Company Limited with your Company have been completed and your Directors are awaiting the final orders from the Gujarat High Court. Consequently, the accounts of the Liquidator appointed by the Gujarat High Court have not been incorporated in the accounts under review. You are aware that your Company was granted by the said Court a Licence to run the said mills during December 1979. Accordingly, the accounts for the year under review incorporate the accounts relating to the operations of the Sidhpur Unit. On receipt of the final orders from the Gujarat High Court with regard to the amalgamation, the Company intends to take up the programme of modernisation of the said Unit.

POLYESTER FILAMENT YARN PROJECT

Your Directors are pleased to report the receipt of a Letter of Intent for the manufacture of 10,000 tonnes per annum of Polyester Filament Yarn. Your Company is taking active steps in implementing the said project.

The Plant is being located in a notified backward area at Patalganga, Kolaba District, Maharashtra. Your Company has since finalised technical collaboration with the world renowned manufacturers of Polyester Filament Yarn, viz: E.I. DU PONT DE NEMOURS AND COMPANY, U.S.A. The Financial Institutions have been appraised of the cost of the project and the means of finance. Necessary financial arrangements including Foreign Currency Loan of Rs. 28 Crores have been, in principle, syndicated.

The total cost of the project is estimated at around Rs. 78 Crores. Barring unforeseen circumstances, the project is expected to be commissioned during second half of 1982.

Reliance
Textile Industries
Limited

With a view to enable the existing shareholders to participate in this vital project, which is a first step towards backward integration, your Directors propose to issue Equity Shares by way of 'Rights' to the existing shareholders, to be offered sometime around June 1981.

Your Directors also propose to issue Secured Convertible Debentures of Rs. 24 Crores by way of a Public Issue. The necessary resolutions for the approval of the Shareholders are proposed in the Notice convening the Annual General Meeting.

YEAR IN RETROSPECT

The year under review was one of the very difficult years posing economic problems, challenges, price spiraling, coal shortages and power restrictions. The working results of the year, particularly in this background, should be considered very satisfactory.

Your Company introduced during 1980 different ranges in fabrics of different colours, prints and textures in Suitings, Sarees, Dress Materials, etc, including Worsted Suitings which have attracted consumers preference. The Company is now engaged in enlarging its production to meet the heavy demand for these products.

The Current Year's working would reflect the total impact of the modernisation and replacement schemes undertaken during the last year.

FIXED DEPOSITS

Deposits of Rs. 19,000 from seven depositors which fell due for repayment at the close of the financial year remained unclaimed by the depositors, as on 31st December, 1980, despite communication to the depositors for taking appropriate steps. Of these, deposits of Rs. 9,000 from three depositors were subsequently renewed/repaid.

Reliance
Textile Industries
Limited

PARTICULARS OF EMPLOYEES

Information as per sub-section (2-A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31st December 1980 is annexed.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sarvashree Natvarlal H. Ambani, Rasiklal L. Meswani and K. Gopal Rao, the Directors of your Company, retire by rotation, but, being eligible, offer themselves for reappointment.

AUDITORS

Messrs Rajendra & Company and Messrs. Chaturvedi & Shah, Auditors of the Company, hold the office until the conclusion of the Annual General Meeting and are recommended for re-appointment. The Company has received Certificates from the above Auditors to the effect that their appointment if made would be within the prescribed limits under Section 224(1) of the Companies Act, 1956.

APPRECIATION

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executives, Staff and Workers of the Company for yet another successful year.

On behalf of the Board of Directors
DHIRUBHAI H. AMBANI
Chairman & Managing Director

Registered Office;

Court House,
Tilak Marg,
Dhobi Talao,
Bombay 400 002.

10th March, 1981.



Annual Report 1980

Reliance
Textile Industries
Limited

AUDITORS' REPORT

To
The Members of Reliance Textile Industries Limited

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED as at 31st December, 1980 and also the annexed Profit and Loss Account of the Company for the year ended on that date and have to report as under:

Attention is invited to the notes appearing in the Schedules and to the Notes forming part of the accounts.

Subject to above, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1980 and
 - ii) in the case of the Profit & Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such check as we considered appropriate, we further report that-

- i) The Company has maintained records showing quantitative details of plant and machinery, land and buildings, and vehicles only. The Management has certified having physically verified the Fixed Assets of the Company during the year except furniture and fixtures and factory equipments and that no serious discrepancies were noticed on such verification as compared with the available records.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare parts and raw materials. The discrepancies on such verification as compared to book records were not significant and the same have been dealt with in the books of account. The valuation of these stocks is fair and proper, and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- iv) We are informed by the Management that the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and that since there are no bodies corporate under the same management, the register under Section 370(1-C) of the Companies Act, 1956 is not required to be maintained.
- v) Loans and Advances in the nature of loans have been given to employees only. The loans are free of interest and the terms of repayment of loans in a few cases are not separately specified. The recovery of the principal amount was not regular in a few cases.

Reliance
Textile Industries
Limited

- vi) On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for the purchase of stores, raw-materials including components, plant and machinery, equipments and other assets.
- vii) We are informed that there are no purchases during the year of stores, raw materials or components from the Firms or Companies or other parties in which Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956. The Company has no subsidiaries.
- viii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- ix) In our opinion and according to the information and explanations given to us and subject to Note No.8, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the Rules made thereunder, with regard to the Fixed Deposits accepted from the Public.
- x) According to the information and explanations given to us, the Company has no by-products and in our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap.
- xi) We are informed that the management has taken effective steps to improve the internal audit system. In our opinion, the system needs to be made more exhaustive so as to be commensurate with the growing size and nature of the business of the Company.
- xii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the manufacturing activities of the Company, except in respect of activities of Sidhpur Unit, taken on lease, awaiting amalgamation. In respect of the said Unit, prescribed accounts and records have prima facie, been maintained. We have not, however, made a detailed examination of the same.
- xiii) According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- xiv) In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. SHAH
Proprietor.

For **CHATURVEDI & SHAH.**
Chartered Accountants.

D. CHATURVEDI.
Partner.

BOMBAY
Dated. 21st February, 1981.

Annual Report 1980

Reliance Textile Industries Limited

BALANCE SHEET AS AT 31ST DECEMBER, 1980

	Schedule	Rs.	1980 Rs.	Rs.	1979 Rs.
FUNDS EMPLOYED					
Share Capital	'A'		12,36,22,910		7,83,89,320
Reserves and Surplus-	'B'		19,42,99,480		15,79,57,928
TOTAL SHAREHOLDERS' FLINDS			31,79,22,390		23,63,47,248
Secured Loans			85,37,21,464		55,89,62,508
Unsecured Loans			9,03,11,006		5,89,31,152
			126,19,54,860		85,42,40,908
FUNDS APPLIED					
Fixed Assets	'E'		57,95,21,237		37,74,48,286
Investments	'F'		7,87,225		7,28,225
Current Assets, Loans & Advances					
(a) Current Assets	'G'	87,87,57,275		69,46,62,964	
(b) Loans & Advances	'H'	7,41,87,395		2,88,57,659	
		95,29,44,670		72,35,20,623	
Less: Current Liabilities & Provisions	'I'	27,12,98,272		24,74,56,226	
		68,16,46,398		47,60,64,397	
			126,19,54,860		85,42,40,908
NOTES & CONTINGENT LIABILITIES	'N'				

As per our Report of oven date

For **RAJENDRA CO.,**
Chartered Accountants.

R.J. SHAH
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

D. N. AMBANI

GOPAL RAO
K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
T. RAMESH U. PAI

Chairman & Managing Director

Directors

N. H. AMBANI

Executive Director

BOMBAY

BOMBAY

Dated: 21st February, 1981.

Dated: 21st February, 1981.

AUDITORS' REPORT

To
The Members of Reliance Textile Industries Limited

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED as at 31st December, 1980 and also the annexed Profit and Loss Account of the Company for the year ended on that date and have to report as under:

Attention is invited to the notes appearing in the Schedules and to the Notes forming part of the accounts.

Subject to above, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1980 and
 - ii) in the case of the Profit & Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such check as we considered appropriate, we further report that-

- i) The Company has maintained records showing quantitative details of plant and machinery, land and buildings, and vehicles only. The Management has certified having physically verified the Fixed Assets of the Company during the year except furniture and fixtures and factory equipments and that no serious discrepancies were noticed on such verification as compared with the available records.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare parts and raw materials. The discrepancies on such verification as compared to book records were not significant and the same have been dealt with in the books of account. The valuation of these stocks is fair and proper, and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- iv) We are informed by the Management that the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and that since there are no bodies corporate under the same management, the register under Section 370(1-C) of the Companies Act, 1956 is not required to be maintained.
- v) Loans and Advances in the nature of loans have been given to employees only. The loans are free of interest and the terms of repayment of loans in a few cases are not separately specified. The recovery of the principal amount was not regular in a few cases.

Reliance
Textile Industries
Limited

- vi) On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for the purchase of stores, raw-materials including components, plant and machinery, equipments and other assets.
- vii) We are informed that there are no purchases during the year of stores, raw materials or components from the Firms or Companies or other parties in which Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956. The Company has no subsidiaries.
- viii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- ix) In our opinion and according to the information and explanations given to us and subject to Note No.8, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the Rules made thereunder, with regard to the Fixed Deposits accepted from the Public.
- x) According to the information and explanations given to us, the Company has no by-products and in our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap.
- xi) We are informed that the management has taken effective steps to improve the internal audit system. In our opinion, the system needs to be made more exhaustive so as to be commensurate with the growing size and nature of the business of the Company.
- xii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the manufacturing activities of the Company, except in respect of activities of Sidhpur Unit, taken on lease, awaiting amalgamation. In respect of the said Unit, prescribed accounts and records have prima facie, been maintained. We have not, however, made a detailed examination of the same.
- xiii) According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- xiv) In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. SHAH
Proprietor.

For **CHATURVEDI & SHAH.**
Chartered Accountants.

D. CHATURVEDI.
Partner.

BOMBAY
Dated. 21st February, 1981.

Annual Report 1980

Reliance Textile Industries Limited

BALANCE SHEET AS AT 31ST DECEMBER, 1980

	Schedule	Rs.	1980 Rs.	Rs.	1979 Rs.
FUNDS EMPLOYED					
Share Capital	'A'		12,36,22,910		7,83,89,320
Reserves and Surplus-	'B'		19,42,99,480		15,79,57,928
TOTAL SHAREHOLDERS' FLINDS			31,79,22,390		23,63,47,248
Secured Loans			85,37,21,464		55,89,62,508
Unsecured Loans			9,03,11,006		5,89,31,152
			126,19,54,860		85,42,40,908
FUNDS APPLIED					
Fixed Assets	'E'		57,95,21,237		37,74,48,286
Investments	'F'		7,87,225		7,28,225
Current Assets, Loans & Advances					
(a) Current Assets	'G'	87,87,57,275		69,46,62,964	
(b) Loans & Advances	'H'	7,41,87,395		2,88,57,659	
		95,29,44,670		72,35,20,623	
Less: Current Liabilities & Provisions	'I'	27,12,98,272		24,74,56,226	
		68,16,46,398		47,60,64,397	
			126,19,54,860		85,42,40,908
NOTES & CONTINGENT LIABILITIES	'N'				

As per our Report of oven date

For **RAJENDRA CO.,**
Chartered Accountants.

R.J. SHAH
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

D. N. AMBANI

GOPAL RAO
K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
T. RAMESH U. PAI

Chairman & Managing Director

Directors

N. H. AMBANI

Executive Director

BOMBAY

BOMBAY

Dated: 21st February, 1981.

Dated: 21st February, 1981.

Reliance

Textile Industries
Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED, 31ST DECEMBER, 1980

	Schedule	Rs.	1980 Rs.	Rs.	1979 Rs.
INCOME					
Sales (Net)		207,67,50,834		155,12,53,135	
Other Income		2,55,06,925		2,50,18,338	
Increase in Stocks	'K'	98,56,532		7,71,77,316	
			211,21,14,291		165,34,48,789
EXPENDITURE					
Purchases		27,34,99,128		30,76,12,545	
Manufacturing and Other Expenses	'L'	154,63,74,684		114,97,16,436	
Interest	'M'	11,13,27,950		7,04,84,489	
Depreciation		6,88,51,660		4,35,10,203	
			200,00,53,422		157,13,23,673
Profit for the year			11,20,60,869		8,21,25,116
Add: Balance as per last Balance Sheet			3,10,448		4,725
			11,23,71,317		8,21,29,841
APPROPRIATIONS					
Transfer to Investment Allowance Reserve		4,40,00,000		2,90,00,000	
Proposed Dividends, subject to deduction of tax, on:					
Preference Shares		3,30,000		3,30,000	
Equity Shares		3,01,55,727		1,54,89,393	
Transfer to General Reserve		3,75,00,000		3,70,00,000	
			11,19,85,727		8,18,19,393
SURPLUS CARRIED TO BALANCE SHEET			3,85,590		3,10,448
NOTES AND CONTINGENT LIABILITIES-	'N'				

As per our Report of oven date

For **RAJENDRA CO.**,
Chartered Accountants.For **CHATURVEDI & SHAH**
Chartered Accountants.**S. NATARAJAN**
Company Secretary**D. N. AMBANI**

Chairman & Managing Director

R. J. SHAH
Proprietor.**D. CHATURVEDI**
Partner.
GOPAL RAO
K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
T. RAMESH U. PAI

} Directors

N. H. AMBANI

Executive Director

BOMBAY

BOMBAY

Dated: 21st February, 1981.

Dated: 21st February, 1981.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL

		1980 Rs.	1979 Rs.
Authorised			
1,80,00,000	Equity Shares of Rs. 10 each	18,00,00,000	18,00,00,000
1,00,000	11% Cumulative Redeemable Preference Shares of Rs. 100 each.	1,00,00,000	1,00,00,000
10,00,000	Unclassified. Shares of Rs. 10 each	1,00,00,000	1,00,00,000
		20,00,00,000	20,00,00,000

Issued & Subscribed

1,20,62,291	Equity Shares of Rs. 10 each fully paid-up	12,06,22,910	7,53,89,320
30,000	11% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 15th March, 1993)	30,00,000	30,00,000
		12,36,22,910	7,83,89,320

NOTES: of the above:

- (a) 45,23,359 Equity Shares were allotted during the year as fully paid-up Bonus Shares by capitalisation of Reserves.
- (b) 59,50,000 Equity Shares were allotted as fully paid-up, pursuant to a scheme of Amalgamation without payments being received in Cash.

SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 'B'
RESERVES & SURPLUS

	Rs.	1980	Rs.	Rs.	1979	Rs.
Share Premium Account						
As per last Balance Sheet	97,17,480			—		
Add: Received during the year	—			97,17,480		
	<u>97,17,480</u>			<u>97,17,480</u>		
Less: Utilised for issue of Bonus Shares	<u>97,17,480</u>			—		
			—		97,17,480	
Development Rebate Reserve						
As per last Balance Sheet		84,10,000			84,10,000	
Investment Allowance Reserve						
As per last Balance Sheet	2,90,00,000			3,15,00,000		
Less: Utilised for Purchase of machinery during 1980 - transferred to Investment Allowance (Utilised) Reserve	<u>2,90,00,000</u>			<u>3,15,00,000</u>		
	—			—		
Add: Transferred from Profit & Loss Account	<u>4,40,00,000</u>	4,40,00,000		<u>2,90,00,000</u>	2,90,00,000	
Investment Allowance (Utilised) Reserve						
As per last Balance Sheet	3,15,00,000			—		
Add: Transferred from Investment Allowance Reserve	<u>2,90,00,000</u>			<u>3,15,00,000</u>		
		6,05,00,000			3,15,00,000	
General Reserve						
As per last Balance Sheet	7,90,20,000			4,20,20,000		
Less: Utilised for issue of Bonus Shares	<u>3,55,16,110</u>			—		
	4,35,03,890			4,20,20,000		
Add: Amount transferred from Profit & Loss Account	<u>3,75,00,000</u>	8,10,03,890		<u>3,70,00,000</u>	7,90,20,000	
Profit & Loss Account		3,85,590			3,10,448	
		<u>19,42,99,480</u>			<u>15,79,57,928</u>	

SCHEDULE 'C'

SECURED LOANS

WORKING CAPITAL LOANS

WORKING CAPITAL LOANS		1980	1979
	Rs.	Rs.	Rs.
<i>From Banks</i>			
Secured against pledge and/or hypothecation of, present and future, stock of raw materials, stock-in-process, finished goods, spares and stores, book debts, outstanding export incentives and bills (hereinafter referred to as "Bankers' goods")		46,80,250	34,09,80,758

DEBENTURES

3,500	11% Privately Placed Debentures of Rs. 1000 each fully paid. issued to Unit Trust of India (UTI) redeemable in sixteen half yearly instalments between 30th June, 1979 and 31st December, 1986	35,00,000	35,00,000
	Less: Converted/ Redeemed	13,88,000	10,36,000
		21,12,000	24,64,000
5,500	11% Privately Placed Debentures' of Rs. 1000 each fully paid, issued to Unit Trust of India (UTI) redeemable in sixteen half yearly instalments between 20th February, 1981 and 20th August, 1988	55,00,000	—
1,40,600	11% Convertible Mortgage Debentures of Rs. 500 each fully paid	7,00,00,000	7,00,00,000
8,64,000	12% Convertible Secured Debentures of Rs. 125 each fully paid	10,80,00,000	—
	Interest accrued and due	34,47,818	19,48,359
		18,90,59,818	7,44,12,359

TERM LOANS

From Banks

Floating Rate Loan in Euro Dollars from Syndicate Bank, London	5,39,10,361		—	
Syndicate Bank, Bank of Baroda & Canara Bank	1,77,29,038		1,75,56,572	
		7,16,39,399		1,75,56,572
Carried forward		72,87,87,467		43,29,49,689

Reliance
Textile Industries
Limited

SCHEDULE 'C' (Contd.)

	Rs.	1980	Rs.	Rs.	1979	Rs.
Brought forward			72,87,87,467			43,29,49,689
From Financial Institutions						
Rupee Loans - Life Insurance Corporation of India (LIC), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), New India Assurance Company Limited (NIA), Oriental Fire & General Insurance Company Limited (OFGI) & United India Insurance Company Limited (UII)		5,02,45,000		2,99,65,000		
Foreign Currency Loans - Industrial Credit & Investment Corporation of India Limited (ICICI) and Industrial Finance Corporation of India (IFCI)		6,56,17,988		4,03,37,399		
			11,58,62,988			7,03,02,399
BRIDGE LOANS						
Rupee Loans - Industrial Finance Corporation of India (IFCI), Industrial Development Bank of India (IDBI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), New India Assurance Company Limited (NIA), Oriental Fire & General Insurance Company Limited (OFGI), United India Insurance Company Limited (UII) -		—		1,34,25,000		
Foreign Currency Loan - Industrial Credit & Investment Corporation of India Limited (ICICI)		12,20,538		3,02,04,700		
			12,20,538			4,36,29,700
DEFERRED PAYMENT LIABILITIES						
To Foreign Machinery Suppliers (Guaranteed by Syndicate Bank, Bank of Baroda & Canara Bank)		64,06,136		78,29,722		
To Indigenous Machinery Suppliers (Guaranteed by Syndicate Bank)		14,44,335		42,50,998		
			78,50,471			1,20,80,720
			85,37,21,464			55,89,62,508

Of the above:

1. Working Capital Loans include Rs. 1,15,36,055 from Bank of Baroda against hypothecation. of stock-in-trade lying at Sidhpur Unit.
2. Term Loans from Banks are to be secured by hypothecation of specific items of plant and machinery by way of prior charge in their favour.
3. Term Loans include Rs. 25 Lacs from Bank of Baroda to be secured against charge on the fixed assets of the Sidhpur Unit.
4. 3500 Privately Placed Debentures and the Term Loan from LIC to the extent of Rs. 75.50 Lacs are secured by way of Legal Mortgage in English Form.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'C' (Contd)

5. All other term loans from Financial Institutions, 5500 Privately Placed Debentures, 1,40,000 Debentures and deferred payment liabilities guaranteed by Banks are secured by Joint Equitable Mortgage of immovable properties, both present and future, by way of Deposit of Title Deeds and Hypothecation of present and future moveable assets of the Company. The aforesaid charges shall rank pari-passu, inter-se, without preference of one over the other, subject to prior charge in favour of Company's Bankers referred to in (2) above and "Bankers' Goods".
6. The holders of 1,40,000 11% Mortgage Debentures of Rs. 500 each issued during 1979 are entitled to convert 20% of the nominal value of Debenture into four Equity Shares of Rs. 10 each of the Company at a premium of Rs. 15 per share. In accordance with the terms of issue and in view of issue of Bonus Shares by the Company in the ratio of 3:5 during the year, the Debenture holders who have exercised option of conversion before the end of the year will be eligible for 6.4 Equity Shares for each debenture with effect from 1-1-1981. The remaining amount of debentures after conversion and such debentures which are not converted into equity shares are redeemable in five equal annual instalments between 25th October, 1987 and 25th October, 1991.
7. The holders of 8,64,000 12% Convertible Debentures of Rs. 125 each have an option to convert 20% of the nominal value of each Debenture into one Equity Share of Rs. 10 each credited as fully paid, at a premium of Rs. 15 per share, at any time during 1st October, 1981 to 30th November, 1981. The balance face value of Debentures after conversion shall be redeemable in five equal annual instalments between 14th November, 1988 and 14th November, 1992. The said Debentures shall be secured by Legal Mortgage in English Form.
8. The charge referred in (7) above so created shall rank pari-passu with the Legal Mortgage in English Form referred to in (4) above and Joint Equitable Mortgage referred to in (5) above subject to the prior charge in favour of Company's Bankers referred to in (2) above and on "Bankers' Goods" (Relevant Debenture Trust Deed is to be executed between -the Company and the Trustees).
9. Bridge Loan is secured by hypothecation of moveable assets but subject to prior charge in respect of "Bankers' Goods" for working capital purpose.
10. In terms of the agreements and in view of issue of Bonus Shares in the ratio of 3:5 during the year, the financial institutions have an option, subject to the approval of Controller of Capital Issues, to convert Rs. 60 Lacs out of Term Loans of Rs. 245 Lacs and Privately Placed Debenture of Rs. 55 Lacs aggregating to Rs. 300 Lacs into 3,84,000 Equity Shares of Rs. 10 each. This option is exercisable upto 30th September, 1982.

SCHEDULE 'D'

UNSECURED LOANS

	1980 Rs.	1979 Rs.
Fixed Deposits (includes from Companies & Financial Institutions Rs.. 98,70,614)	8,62,74,391	4,61,17,000
From Unit Trust of India - Advance received by way of Deposit towards Privately - Debentures to be issued	—	55,00,000
Short Term Loans from -Others	—	7,78,786
From Scheduled Banks: Overdrawn balances in Current Account (as per Books of Accounts)	40,36,615	65,35,366
	9,03,11,006	5,89,31,152

SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 'E'
FIXED ASSETS

Nature of Fixed Assets	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	Cost as at 1-1-80 Rs.	Additions Rs.	Deductions Rs.	As at 31-12-80 Rs.	Total upto 31-12-80 Rs.	As at 31-12-40 Rs.	As at 31-12-79 Rs.
Goodwill	1,26,24,251	—	—	11,26,24,281	—	126,24,281	1,26,24,281
Leasehold Land	58,00,062	1,400,400	—	1,98,06,462(a)	—	1,90,06,462	58,00,062
Freehold Land	1,49,220	—	—	1,49,220	—	1,49,220	1,49,220
Buildings	5,53,39,927	2,29,50,927	—	7,82,90,854(b)	40,38,038	7,42,52,815	5,26,39,957
Plant & Machinery	37,00,60,049	21,18,30,244	14,64,282	58,04,25,011	16,07,71,547	41,96,54,464	27,41,85,583
Electric Installation	1,19,42,517	39,17,649	—	1,58,60,166	15,32,027	1,43,28,139	1,09,14,843
Furniture & Fixtures	1,50,27,960	65,04,647	89,277	2,14,43,330	22,42,305	1,92,01,025	1,35,90,492
Factory Equipments	48,55,331	11,56,240	-	60,11,571	5,34,984	54,76,587	45,11,514
Vehicles	37,68,768	12,77,507	1,63,316	48,82,959	10,45,136	38,37,823	30,32,334
Capital Work in progress	—	95,84,906	—	95,84,906	—	95,84,906	—
Capital Expenditure awaiting allocation	—	6,05,515	—	6,05,515	—	6,05,515	—
	47,95,68,115	27,10,34,035	17,16,875	74,96,55,275	17,01,64,038	57,95,21,237	37,74,48,286
Previous Year	30,90,57,998	17,12,69,410	7,59,293	47,95,68,115	10,21,19,829	37,74,48,286	

(a) Includes leasehold Lands to the extent of Rs. 34,87,326 in respect of which lease deeds are pending execution.

(b) Includes cost of ownership promises in a Co-operative Society Rs. 3.97.335.

NOTE: No write-off has been made in respect of lease premium paid for Leasehold Land since the leases are granted for a long period.

SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 'F'

INVESTMENTS (at cost)	1980		1979	
	Rs.	Rs.	Rs.	Rs.
Trade Investments - Unquoted				
6 Equity Shares of New Piece Goods Bazar Co. Ltd. of Rs. 1,000 each, fully paid-up	17,000		17,000	
5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd. of Rs. 200 each, fully paid-up	1,000		1,000	
165 Shares of The Art Silk Co-operative Ltd. of Rs. 100 each, fully paid-up	16,500		16,500	
225 Shares of Crimpers Industrial Co-operative Society Ltd. of Rs. 100 each, Rs. 25 per Share paid-up	5,625		5,625	
		40,125		40,125
Other Investments				
In Government Securities				
Unquoted				
12 Years National Defence Savings Certificates face value Rs. 4,000 (deposited with Central Excise Collectorate and Post & Telegraph Department)	4,000		4,000	
7 Years National Savings Certificates - Face Value Rs. 63, 100 (deposited with Central Excise Collectorate Rs. 61,000)	63,100		4,100	
		67,100		8,100
In Shares				
Quoted				
6,800 Equity Shares of Housing Development Finance Corporation of India Limited of Rs. 100 each, fully paid-up		6,80,000		6,80,000
		7,87,225		7,28,225
Aggregate Value of	Book Value	Market Value	Book Value	Market Value
	Rs.	Rs.	Rs.	Rs.
Quoted Investments	6,80,000	6,73,200	6,80,000	6,52,800
Unquoted Investments	1,07,225		48,225	
	7,87,225		7,28,225	

SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 'G'
CURRENT ASSETS

	1980		1979	
	Rs.	Rs.	Rs.	Rs.
Inventories (at cost)				
(Certified and valued by the Managing Director)				
Stores, Spares, Dyes and Chemicals	3,71,18,956		2,53,22,232	
Raw Materials	13,79,19,264		7,23,71,549	
Stock-in-transit	2,50,62,590		1,45,48,470	
Stock-in-process	13,32,22,954		7,62,58,734	
Finished Goods	11,38,88,621		16,21,89,273	
Others (include discarded machinery Rs. 5,25,823)	31,86,666		14,67,879	
	45,03,99,051		35,21,58,137	
 Cost of Import Entitlements (Under Export Promotion Scheme)		91,49,268		75,29,630
 Sundry Debtors (Unsecured, subject to confirmation) over Six Months:				
Considered Good	3,66,16,466		4,28,05,898	
Considered Doubtful	12,51,306		8,48,244	
	3,78,67,772		4,36,54,142	
Less: Provision for Doubtful Debts	12,51,306		8,48,244	
Others	3,66,16,466		4,28,05,898	
	35,90,58,718		24,69,38,739	
	39,56,75,184		28,97,44,637	
 Cash on hand	4,52,905		8,25,077	
 Balances with Scheduled Banks In Current Accounts (include excess Share and Deben- ture Application Monies refundable Rs. 1,56,79,818 Previous year Rs. 4,13,72,813)	2,28,75,867		4,42,64,483	
In Fixed Deposit Accounts (includes Rs. 95,000 lodged with Central Excise Authorities)	2,05,000		1,41,000	
	2,30,80,867		4,44,05,483	
	87,87,57,275		69,46,62,964	

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE 'H'
LOANS & ADVANCES

	1980 Rs.	1979 Rs.
<i>Unsecured, considered good</i>		
Advances recoverable in Cash or in Kind or for value to be received (including from Officers Rs. 10,62,087 -Previous Year Rs. 2,81,602 -Maximum balance Rs. 14,46,883 -Previous Year Rs. 6,16,311)	2,80,69,388	1,58,22,209
Advances, against Capital Expenditure	3,67,77,829	81,75,402
Deposits (include Rs. 12,08,550 with a firm in which some of the Directors are interested as partners)	53,38,694	41,38,025
Prepaid Expenses	25,14,992	2,43,569
Balances with Customs, Central Excise Authorities, etc.	14,86,492	4,78,454
	7,41,87,395	2,88,57,659

SCHEDULE 'I'
CURRENT LIABILITIES AND PROVISIONS

	1980 Rs.	1979 Rs.
<i>CURRENT LIABILITIES</i>		
Sundry Deposits	1,17,69,888	56,20,144
Sundry Creditors (include Rs. 5,31,15,073 towards purchase of Capital Assets - Previous Year Rs. 3,84,59,830)	19,94,73,089	17,58,99,844
Unclaimed Dividends	1,53,808	95,664
Interest accrued but not due on loans	87,05,667	39,57,102
Excess Share and Debenture Application Monies refundable	1,56,79,818	4,13,72,813
PROVISIONS		
Taxation (Net of Payments)	33,80,986	33,95,400
Gratuity and Superannuation Funds	16,49,289	12,95,866
Proposed Dividends	3,04,85,727	1,58,19,393
	27,12,98,272	24,74,56,226

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'J'
OTHER INCOME

	1980 Rs.	1979 Rs.
Incentives, Assistance & Drawbacks on Exports received	1,58,90,646	1,75,61,218
Processing & Crimping Charges	45,85,370	41,80,903
Dividend: Income from Trade Investments -Gross (Tax at source Rs. 90 -, Previous Year Rs. 90)	375	375
Miscellaneous Receipts	50,30,534	32,75,842
	2,55,06,925	2,50,18,338

Reliance

Textile Industries
Limited

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'K'

VARIATION IN STOCKS

	1980	1979
	Rs.	Rs.
Stock-in-trade: (at close)		
Finished Goods	11,38,88,621	16,21,89,273
Stock-in-process	13,32,72,954	7,62,58,734
Others	26,60,843	14,67,879
	24,97,72,418	23,99,15,886
Stock-in-trade: (at commencement)		
Finished Goods	16,21,89,273	10,20,44,557
Stock-in-process	7,62,58,734	6,00,62,241
Others	14,67,879	6,31,772
	23,99,15,886	16,27,38,570
	98,56,532	7,71,77,316

SCHEDULE 'L'

MANUFACTURING AND OTHER EXPENSES

	1980	1979
	Rs.	Rs.
Raw Materials Consumed		
Stocks at commencement	7,23,71,549	5,48,53,843
Add: Purchases	119,98,98,105	88,82,15,226
	127,22,69,654	94,30,69,069
Less: Stocks at close	13,79,19,264	7,23,71,549
	113,43,50,390	87,06,97,520
Manufacturing Expenses		
Carriage Inward	53,15,735	35,83,247
Stores & Spare parts consumed	2,54,55,006	1,67,20,859
Dyes & Chemicals	5,99,24,852	5,00,23,895
Electric Power, Fuel & Water	5,09,96,883	2,66,75,019
Machinery Repairs	25,69,673	18,76,786
Building Repairs	20,56,599	12,01,230
Labour, Processing & Machinery Hire Charges	1,58,08,323	1,88,11,732
Excise Duty on yarn	5,17,27,987	2,05,58,468
	21,38,55,058	13,94,51,236
Payments to and Provision for Employees		
Salaries ¹ Wages and Bonus	6,28,60,416	4,00,27,270
Contributions to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	79,99,020	55,28,879
Employees' Welfare and other amenities (including contribution of Rs. 5,00,000 - Previous year Rs. 13, 10,000 to Reliance Employees' Welfare Association)	47,76,041	38,06,137
	7,56,35,477	4,93,62,286
Carried forward	142,38,40,925	105,95,11,042

Reliance
Textile Industries
Limited

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'L' (Contd)

	1980	1979
	Rs.	Rs.
Brought forward	142,38,40,925	105,95,11,042
<i>Sales Distribution Expenses</i>		
Samples, Sales Promotion & Advertisement Expenses	3,27,18,972	2,91,07,821
Brokerage & Commission	1,41,42,409	1,14,64,307
Export Expenses	39,79,284	22,56,027
Packing Expenses	3,36,40,628	2,16,09,177
Ware housing Charges	8,26,873	4,33,414
Carriage Outward	39,38,531	15,27,269
	<u>8,92,46,697</u>	<u>6,63,98,015</u>
<i>Establishment Expenses</i>		
Insurance	23,39,811	16,39,373
Rent	23,26,609	8,48,732
Rates & Taxes	3,98,748	1,22,247
Other Repairs	18,24,942	12,83,514
Travelling Expenses (including Rs. 3,91,266 for Directors)	40,50,347	30,75,835
Auditors' Remuneration	2,84,016	2,33,968
Directors' Fees	11,000	15,750
General Expenses	2,03,99,728	1,25,40,604
Provision for Doubtful Debts	4,03,061	3,80,171
Charity & Donation	9,85,840	35,38,529
Loss on sale/discard of Assets (Net)	2,62,960	1,28,656
	<u>3,32,87,062</u>	<u>2,38,07,379</u>
	<u>154,63,74,684</u>	<u>114,97,16,436</u>

SCHEDULE 'M'

	1980	1979
	Rs.	Rs.
INTEREST		
Debentures	1,12,97,324	19,48,359
Fixed Loans	3,22,24,137	1,91,85,843
Others (Net)	6,78,06,489	4,93,50,287
	<u>11,13,27,950</u>	<u>7,04,84,489</u>

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The previous year's figures have been regrouped wherever necessary.
2. Depreciation on fixed assets is provided in accordance with the provisions of section 205(2) (b) of the Companies Act, 1956.
3. The Company is accounting the following on cash basis:
 - (a) Export Incentives and other claims;
 - (b) Drawback on return of cops;
 - (c) Interest on investments.
4. As per the past practice, foreign currency loans availed during the year have been accounted for in terms of Indian Rupees at the exchange rates prevailing as on the last day of the year and differences on account of fluctuations in exchange rates on repayment of instalments of earlier foreign currency loans have been charged to Profit & Loss Account.
5. The Company does not expect any income-tax liability for the Current Year as well as for the pending assessments including those of the amalgamating Company in view of higher claims for various reliefs available and expected tax benefits under Section 72-A of the Income Tax Act, 1961 upon the receipt of final orders for the amalgamation of The Sidhpur Mills Company Limited.
6. Interest receivable on overdue bills have been provided for on accrual basis in some of the cases unlike on receipt basis in the past.
7. Interest - Others (Net) is arrived at after deducting Rs. 2,01,65,464 (Tax at source Rs. 14,324) being interest received/receivable on overdue bills.
8. In terms of legal advice, the Company accepted additional Fixed Deposits in the beginning of the year based on enhanced paid-up capital, reserves and surplus and also working results upto 31st March, 1979 as per the Prospectus dated 6th September, 1979.
9. The figure of 'Sales' has been arrived at after adjusting:-

	1980	1979
	Rs.	Rs.
(1) Excise Duty paid	4,58,90,874	3,48,67,188
(2) Sales Tax	2,31,49,716	1,35,40,409

10. AUDITORS' REMUNERATION

	1980	1979
	Rs.	Rs.
(a) As Audit Fees	1,50,000	1,00,000
(b) As remuneration for certification and consultation of finance matters	94,000	65,000
(c) Out-of-pocket expenses reimbursed and/or incurred by the Company	40,016	68,968
	<u>2,84,016</u>	<u>2,33,968</u>

11. Secured loans and unsecured loans include Rs. 2,68,99,922 and Rs. 2,08,46,000 respectively due within one year.
12. Expenses amounting to **Rs. 53,75,573** (Previous year Rs. 13,55,587) and credits amounting to **Rs. 46,28,019** (Previous year Rs. 22,13,126) relating to previous years have been debited and credited respectively to the respective heads.
13. (a) The Company has been advised that the computation of net profit (for the purpose of calculation of Directors' remuneration under Section 349 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and only remuneration has been paid to the Directors as per approval of the Central Government received under Section 198 and Section 309 of the Companies Act, 1956.

(b) Managing and Joint Managing Directors:

	1980	1979
	Rs.	Rs.
i) Salaries	1,08,000	1,06,000
ii) Contribution to Provident Fund & Superannuation Fund	27,000	26,500
iii) Provision for Gratuity (as per actuarial valuation)	5,610	4,790
iv) Perquisites	60,992	57,023
(c) Executive Directors:		
i) Salaries	1,32,000	1,23,000
ii) Contribution to Provident Fund & Superannuation Fund	33,000	30,750
iii) Provision for Gratuity (as per actuarial valuation)	6,970	6,370
iv) Perquisites	85,369	72,612

Reliance
Textile Industries
Limited

SCHEDULE 'N' (Contd)

14. (a) A Scheme of compromise, arrangement and amalgamation of The Sidhpur Mills Company Ltd. (in liquidation) having installed capacity of 38,363 spindles and 490 looms, with the Company was approved by the shareholders of both the Companies in the last year, but no effect in this connection has been given in the Accounts, pending final approval of the Scheme by the High Courts at Bombay and Gujarat. In terms of the Scheme:

- (i) The entire undertaking, rights, properties and liabilities of The Sidhpur Mills Company Ltd., shall stand transferred to the Company, pursuant to and in terms of Section 394 of the Companies Act, 1956 with effect from the effective date as may be decided by the High Courts.
- (ii) Shareholders of The Sidhpur Mills Company Ltd., will become entitled to receive 1, 12,000 fully paid Equity Shares of Rs. 10 each and one fully paid Bond of Rs. 8 aggregating to Rs. 2,80,000. The Bond will be repayable after 3 years from the effective date with interest thereon at the rate of 11 % per annum.
- (iii) The Equity Shares of the Company to be allotted to

Shareholders of The Sidhpur Mills Co. Ltd., shall rank pari-passu in all respects with the existing shares of the Company and shall be entitled to proportionate dividend thereon for the year 1979 to be reckoned from the effective date.

Pending approval of the scheme of compromise, arrangement and amalgamation, the Company has been permitted by Gujarat High Court to run the textile mill of The Sidhpur Mills Co. Ltd., with effect from 10th December, 1979 on a monthly compensation of Rs. 2 Lacs. Accordingly, the working results of the Sidhpur Unit have been incorporated in the accounts.

- (b) For want of formal approval from concerned authorities, the assets and liabilities of The Sidhpur Mills Co. Ltd. as on effective date of amalgamation and transactions carried out by the Official Liquidator from the said date till the end of the year have not been incorporated in the accounts. No provision for gratuity payable to the employees of Sidhpur Unit for the year has been made in the accounts pending approval of amalgamation scheme.

15. CONTINGENT LIABILITIES:

	1980 Rs.	1979 Rs.
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Advance paid Rs. 61,36,331 -Previous year Rs. 85,72,632)	20,73,24,295	5,99,67,026
(b) Counter guarantees given to the Bankers in respect of guarantees furnished by them	67,03,836	65,99,419
(c) Bonds executed in favour of Excise and Customs Authorities	38,83,47,137	32,94,47,660
(d) Uncalled liability on partly paid shares	16,875	16,875
(e) Claims against the Company not acknowledged as debts	3,92,377	1,72,500

16. DETAILS REGARDING LICENSED AND INSTALLED CAPACITY TO MANUFACTURE ART SILK FABRICS ETC.

	1980	1979
(a) Licensed Capacity		
Spindles	12,500	12,500
Looms	450	450
Knitting machines (As per Textile Commissioner's Permit)	22	22
(b) Installed Capacity (As Certified by the Management)		
Spindles	12,494	9,582
Looms	450	450
Knitting Machines	22	22
Crimping & Twisting Machines	122	80

Reliance

Textile Industries
Limited

SCHEDULE 'N' (Contd)

17. PRODUCTION	Unit		1980		1979
Yarn (Crimped, Twisted, Cotton, Worsted etc.)	Kgs.		77,20,177*		46,54,711*
Fabrics	Mtrs.		3,55,90,250		3,16,70,293
Including for captive use.					
18. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF (Based on retirement of documents)			1980 Rs.		1979 Rs.
i) Yarn (including acquired from local parties Rs. 1,90.31,977)			12,99,43,506		9,31,32,830
ii) Fibre			1,31,0,020		11,56,313
iii) Dyes & Chemicals and Stores & Spare parts			83,25,644		22,37,456
iv) Capital Goods			8,20,43,448		4,39,69,917
19. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF					
Interest on Foreign Currency Loans			1,02,08,922		68,31,777
Other matters (including commitment charges Rs. 1,78,538 on foreign currency loans - Previous year Rs. 1,90,626.)			84,82,903		13,07,553
20. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS.					
	Unit		1980 Qty. Rs.		1979 Qty. Rs.
(a) Opening Stock					
Yarn	Kgs.	3,55,474	1,83,39,286	1,95,142	2,24,05,455
Fabrics	Mtrs.	54,64,134	14,53,17,866	34,88,671	8,02,70,874
Stock-in-process (fabrics)	Mtrs.	36,62,825	7,60,15,824	37,97,929	6,00,62,241
Stock-in-process (yarn)	Kgs.	3,118	2,42,910	—	—
(b) Closing Stock					
Yarn	Kgs.	3,24,438	2,63,36,696	3,55,474	1,83,39,286
Fabrics	Mtrs.	40,32,198	9,01,37,685	54,64,134	14,53,17,866
Stock-in-process (fabrics)	Mtrs.	66,52,829	10,35,89,603	36,62,825	7,60,15,824
Stock-in-process (yarn)	Kgs.	1,95,895	2,96,33,351	3,118	2,42,910
Others	Kgs.	17,450	75,083	—	—
(c) Purchases					
Yarn	Kgs.	6,31,669	8,54,63,484	5,49,060	7,88,66,989
Fabrics	Mtrs.	58,24,434	10,17,50,415	55,03,992	9,51,87,183
Sea foods	Lbs.	58,52,548	8,62,85,229	69,59:363	13,34,83,427
Sundries	—	—	—	—	74,946

Reliance

Textile Industries
Limited

SCHEDULE 'N' (Contd)

	Unit	Qty.	1980 Rs.	Qty.	1979 Rs.
(d) Sales					
Yarn (Crimped, Twisted, Cotton, Worsted etc.)	Kgs.	61,53,937	91,61,47,778	39,69,099	62,90,11,061
Fabrics	Mtrs.	4,28,46,620	1,07,43,17,827	3,51,98,822	78,89,05,973
Sea foods	Lbs.	58,52,548	8,62,85,229	69,59,363	13,32,58,636
Sundries	—	—	—	—	77,465
(e) Raw Materials Consumed					
Yarn	Kgs.	73,74,051	83,16,29,040	61,76,455	69,25,30,195
Fabrics (Grey)	Mtrs.	1,43,59,718	24,01,33,162	1,37,25,743	16,47,98,668
Fibre	Kgs.	7,05,199	4,95,63,783	2,11,878	1,33,68,657
Cotton	Kgs.	10,98,828	1,30,24,405	—	—
21. VALUE OF RAW MATERIALS CONSUMED					
			1980		1979
			Rupees		Rupees
			% of total consumption		% of total consumption
Imported (including Import Duty of Rs. 56,81,48,176)		63,61,23,423	56.08	45,31,52,008	52.05
Indigenous		49,82,26,967	43.92	41,75,45,512	47.95
		<u>113,43,50,390</u>	<u>100.00</u>	<u>87,06,97,520</u>	<u>100.00</u>
22. VALUE OF DYES AND CHEMICALS, STORES AND SPARE PARTS CONSUMED					
Imported		1,12,54,369	13.18	1,05,45,673	15.80
Indigenous		7,41,25,489	86.62	5,61,99,081	84.20
		<u>8,53,79,858</u>	<u>100.00</u>	<u>6,67,44,754</u>	<u>100.00</u>
23. EARNINGS IN FOREIGN EXCHANGE					
			1980		1979
			Rs.		Rs.
Export of goods on F.O.B. basis			14,79,15,585		19,03,38,125
Interest			73,50,269		7,54,791
Others (including Technical know-how and services fee Rs. 7,08,795)			7,59,167		—
24. Remittance in foreign currency on account of dividend					
			Nil		Nil

SCHEDULE 'N' (Contd)

	1980	1979
25. (a) Break-up of expenditure incurred on employees, who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 per annum:		
Number of employees	122	69
Salaries & Bonus	46,55,823	27,64,357
Contribution to Provident Fund & Superannuation Fund	10,49,067	6,42,287
Other Perquisites	15,09,449	5,39,441
(b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 per month:		
Number of employees	25	23
Salaries & Bonus	5,86,755	3,83,210
Contribution to Provident Fund and Superannuation Fund	64,206	64,706
Other Perquisites	1,40,410	1,17,236

As per our Report of oven date

For **RAJENDRA CO.,**
Chartered Accountants.

R.J. SHAH
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

D. N. AMBANI

Chairman & Managing Director

GOPAL RAO
K. GOPAL RAO
J. R. SHAH
M. L BHAKTA
K. S. SHENOY
T. RAMESH U. PAI

Directors

N. H. AMBANI

Executive Director

BOMBAY

Dated: 21st February, 1981.

BOMBAY

Dated: 21st February, 1981.